

2. Defendant, Champion Martial Arts of Carmel, Inc. (hereinafter individually referred to as “CMA-Carmel”), at all times relevant to this Complaint was a domestic corporation regularly engaged in the solicitation and sale of health spa goods and services, including but not limited to martial arts instruction and equipment, to Indiana consumers. CMA-Carmel maintained a principal place of business in Hamilton County at 14598 Clay Street Boulevard, Carmel, Indiana 46032.

3. Defendant, Champion Martial Arts of Noblesville, Inc. (hereinafter individually referred to as “CMA-Noblesville, Inc.”), at all times relevant to this Complaint was a domestic corporation regularly engaged in the solicitation and sale of health spa goods and services, including but not limited to martial arts instruction and equipment, to Indiana consumers. CMA-Noblesville, Inc., maintained a principal place of business in Hamilton County at 9625 East 150th Street, Noblesville, Indiana 46060 and/or 15532 Lockport Drive, Westfield, Indiana 46074.

4. Defendant, CMA of Noblesville LLC (hereinafter individually referred to as “CMA-Noblesville LLC”), at all times relevant to this Complaint was a domestic limited liability company regularly engaged in the solicitation and sale of health spa goods and services, including but not limited to martial arts instruction and equipment, to Indiana consumers. CMA-Noblesville LLC maintained a principal place of business in Hamilton County at 9625 East 150th Street, Noblesville, Indiana 46060.

5. Defendant, Champion Martial Arts of Zionsville LLC (hereinafter individually referred to as “CMA-Zionsville”), at all times relevant to this Complaint was a domestic limited liability company regularly engaged solicitation and sale of health spa goods and services, including but not limited to martial arts instruction and equipment, to Indiana consumers. CMA-

Zionsville maintained a principal place of business in Hamilton County (near the border with Boone County) at 4400 Weston Pointe, Zionsville, Indiana 46077.

6. Defendant, Stowe Industries Incorporated (hereinafter individually referred to as “Stowe Industries”), at all times relevant to this Complaint was a domestic corporation regularly engaged in the solicitation and sale of health spa goods and services, including but not limited to martial arts instruction and equipment, to Indiana consumers. Stowe Industries maintained a principal place of business in Hamilton County at 15532 Lockport Drive, Westfield, Indiana 46074.

7. Defendant Jonathan Stowe individually and doing business as Champion Martial Arts of Carmel, Inc., Champion Martial Arts of Noblesville, Inc., Champion Martial Arts of Noblesville LLC, CMA of Noblesville LLC, Champion Fitness, Inc., Champion Martial Arts of Zionsville LLC, Champion Martial Arts of Zionsville, Inc., Stowe Industries LLC, Stowe Industries Incorporated, Family Karate (hereinafter individually referred to as “Stowe”) at all times relevant to this Complaint was an individual regularly engaged in the solicitation and sale of health spa services, including but not limited to martial arts classes, training and equipment, to Indiana consumers. Stowe was the president of CMA-Carmel, a director of CMA-Noblesville, Inc., the registered agent for CMA-Noblesville LLC, a principal of Stowe Industries which, in turn, is the registered agent for CMA-Zionsville and Stowe resided in Hamilton County at 15532 Lockport Drive, Westfield, Indiana 46074.

8. At all times relevant to this Complaint, Stowe was the controlling principal and owner and CMA-Carmel, CMA-Noblesville, CMA-Zionsville and Stowe Industries, and was active in its management and operations. As controlling principal and owner, Stowe controlled and directed the affairs of the aforementioned entities, including advertising and sales practices,

and has used the entities for the purpose of misleading and deceiving Indiana consumers as set forth herein.

9. When, in this Complaint, reference is made to any act of CMA-Carmel, CMA-Noblesville, CMA-Zionsville, Stowe Industries and/or Stowe (hereinafter collectively referred to as “Defendants”), such allegations shall be deemed to mean that the principals, agents, representatives, or employees of Defendants did or authorized such acts to be done while actively engaged in the management, direction, or control of the affairs of Defendants and while acting within the scope of their duties, employment, or agency.

10. On April 17, 2007, Stowe, *inter alia*, entered into a Consent Decree with the State of Indiana in St. Joseph Superior Court to resolve claims brought against him arising from allegations by the State of violations of the Indiana Health Spa Services Act, Indiana Code § 24-5-7-1, *et seq.* and the Indiana Deceptive Consumer Sales Act, Indiana Code § 24-5-0.5-1, *et seq.* A true and correct copy of the Consent Decree is attached and incorporated by reference as Exhibit “A”.

11. Pursuant the Consent Decree, Stowe and his agents, representatives, employees, successors, and assigns, *inter alia*, were enjoined from violating various provisions of the Acts referred to above, and were required to provide consumers with a refund policy and adhere to certain cancellation procedures, among other relief. *See* Exhibit “A” at paragraphs 5 and 6.

12. Beginning on or about 2006, Defendants began the process of searching for commercial space in and around central Indiana to conduct various business endeavors, including tanning salons, children’s fitness enters and facilities for martial arts classes and training, and they subsequently entered into several leases in connection therewith.

13. On or about December 2005, Defendants entered into a lease for commercial

space located in the Carmel Clay Terrace Mall at 14598 Clay Terrace Boulevard, Suite 160, Hamilton County, Carmel, Indiana 46032 (hereinafter the "Carmel Location").

14. The commercial space referred to in paragraph 13 was to be used for martial arts classes and instruction began on or about July 2006.

15. Defendants negotiated the lease referred to in paragraph 13 such that they would receive sizeable up front money (approaching \$100,000) from the lessor in exchange for higher rents over time.

16. The monthly minimum rent payments on the lease referred to in paragraph 13 was approximately \$6,500, representing an annual rate of approximately \$20 per square foot.

17. Between October 2007 and March 2008, Defendants entered into three leases for three commercial spaces located at the Noblesville Fishers Community Center 9625 East 150th Street, Hamilton County, Noblesville, Indiana 46038 (hereinafter the "Noblesville Location").

18. The three commercial spaces referred to in paragraph 17 were to be used for martial arts classes and instruction, a children's fitness center, and a food court, respectively.

19. Defendants negotiated the leases referred to in paragraph 17 such that they would receive sizeable up-front money exceeding \$100,000 from the lessor in exchange for higher rents over time.

20. The initial minimum rents for the three commercial spaces referred to in paragraph 17 were: \$5,565.00 per month, representing an annual rent of approximately \$21.00 per square foot for the martial arts' instruction space; \$6,394.50 per month, representing an annual rent of approximately \$14.00 per square foot for the children's fitness center; and \$950.00 per month, representing an annual rent of approximately \$15.00 per square foot for the food court.

21. On or about November 2007, Defendants entered into two leases for two commercial spaces located at the Weston Pointe Shoppes, 4400 Weston Point Drive, Hamilton County, Zionsville, Indiana 46077 (hereinafter the “Zionsville Location”).

22. The two commercial spaces referred to in paragraph 21 were to be used for martial arts classes and instruction and a tanning salon, respectively.

23. Defendants negotiated the leases referred to in paragraph 21 such that they would receive sizeable up-front money from the lessor in exchange for higher rents over time.

24. The initial minimum rent for the commercial space to be used for martial arts instruction was \$6,133.33 per month, representing an annual rent of approximately \$23.00 per square foot.

25. Defendants entered into and or executed one or more of the leases referred to above under the names of unregistered and/or non-existent entities.

The Carmel Location

26. At the Carmel Location, Defendants were, upon information and belief, sued by the lessor in September of 2007 in connection with Defendants’ failure to meet lease duties, including Defendants failure to pay rents.

27. Around this time Defendants incurred additional debt obligations and upfront moneys at the Zionsville and Noblesville Locations as set forth above.

28. Subsequent to September 2007, Defendants received additional warnings related to its debt obligations at the Carmel Location from the lessor.

29. In 2008, Defendants failed to pay their Carmel Location employees.

30. Defendants, including Stowe, intentionally and without any notice to consumers, closed the Carmel Location on or about October 30, 2008 after removing items of value.

31. Defendants, including Stowe, told at least one employee months before the Carmel Location's closing that it was going to close, and yet during this time, Defendants, including Stowe, solicited consumers and entered into contracts for multi-year martial arts instruction with consumers who were enticed into paying large sums of upfront money to Defendants.

32. During the course of its operations at the Carmel Location, Defendants solicited and received substantial funds from Indiana consumers, as detailed below.

33. During the course of its operations at the Carmel Location, Defendants told consumers Defendants' credit card processing equipment was broken to force consumers to pay via personal check.

34. Instead of using consumer funds for proper purposes, Defendants, specifically including Stowe, used the money to pay past business and personal debts with no regard to future obligations to consumers who paid significant up front money to Defendants for martial arts instruction and equipment.

35. Upon information and belief, Defendants closed the Carmel location in an attempt to avoid past obligations and debts; including those owed to consumers they solicited and contracted with.

36. Upon information and belief, there are approximately 30-40 consumers affected by the sudden and intentional closing of the Carmel Location by the Defendants.

The Noblesville Location

37. Upon information and belief, Defendants incurred substantial additional debt obligations in connection with the leases at the Noblesville Location.

38. Defendants failed to use the up front money paid by the lessee at the Noblesville Location for proper purposes, for example Defendants contracted for work and equipment related to Defendants' businesses but failed to pay for the work and equipment.

39. Defendants operated the Noblesville Location from on or about November 2007 to on or about mid-September 2008 and during the course of its operations at the Noblesville Location, Defendants solicited and received substantial funds from Indiana consumers, as detailed below.

40. Instead of using the up front money from the lessor and consumer funds for proper purposes, Defendants, specifically including Stowe, used the money to pay past business and personal debts with no regard to future obligations to consumers who paid significant up front money to Defendants for multi-year martial arts instruction and equipment.

41. Additionally, Defendants, including Stowe, used the funds for personal expenses, and upon information and belief, Stowe personally used significant funds to lease a new BMW M3 and take an extended Caribbean vacation with his girlfriend, among other things.

42. In connection with the commercial space that was to be used for the children's fitness center, Defendants failed to order and/or pay for the necessary equipment, yet Defendants, including Stowe, directed its agents and employees to solicit, represent and contract with consumers knowing the business could not and would not open and operate as represented.

43. Upon information and belief, Defendants, including Stowe, never intended on operating the children's fitness center or food court at the Noblesville Location; instead they entered into lease transactions as a means to obtain up front money to use for non-business related debts, among other things.

44. On or before March 2008, Defendants, including Stowe, received formal warnings regarding eviction from the lessor of the Noblesville Location which the Defendants ignored.

45. In 2008, Defendants often failed to pay their Noblesville employees.

46. Defendants intentional actions detailed above led to a *de facto* eviction of Defendants at the Noblesville Location on or about September 2008.

47. In the months leading up to the closing of the Noblesville Location, Defendants, including Stowe, solicited consumers and entered into contracts with consumers who were enticed into paying large sums of upfront money to Defendants who were aware of the impending eviction.

48. Upon information and belief, there are dozens of affected consumers at the Noblesville Location.

The Zionsville Location

49. Upon information and belief, Defendants incurred substantial additional debt on and after entering the leases at the Zionsville Location.

50. Defendants failed to use the up front money paid by the lessee at the Zionsville Location for proper purposes and, upon information and belief contracted for work and equipment related to Defendants' businesses but failed to pay for it.

51. During the course of its operations at the Zionsville Location from on or about March 2008 to on or about August 2008, Defendants solicited and received substantial funds from Indiana consumers, as detailed below.

52. Instead of using the up front money from the lessor and consumer funds for proper purposes, Defendants, specifically including Stowe, used the money to pay past business

and personal debts with no regard to future obligations to consumers who paid significant up front money to Defendants for multi-year martial arts instruction.

53. Defendants used the funds for personal expenses, and upon information and belief, Stowe personally used significant funds lease a new BMW M3 and take an extended Caribbean vacation with his girlfriend, among other things.

54. Defendants, including Stowe, received formal warnings regarding eviction from the lessor of the Zionsville Location which Defendants chose to ignore and continued to solicit and contract with consumers for multi-year martial arts instruction paid up front.

55. In 2008, Defendants often failed to pay their Zionsville Location employees.

56. On information and belief, during the course of operating the Zionsville Location, Defendants, including Stowe, cashed checks drawn upon Defendants' line of credit where the credit limit had already been exhausted.

57. Defendants intentional actions detailed above led to a *de facto* eviction of Defendants from the Zionsville Location on or about late August or early September 2008.

58. Defendants, including Stowe, told at least one employee months before the Zionsville Location's closing that it was going to close, and yet during this time, Defendants, including Stowe, solicited consumers and entered into contracts with consumers who were enticed into paying large sums of upfront money to Defendants.

59. Upon information and belief, there are at least 10 affected consumers at the Zionsville Location.

60. By the time the Zionsville Location began its operations, Defendants, notwithstanding past and other present debt obligations, had incurred minimum (excluding

common areas obligations) monthly rent obligations at their three martial arts' locations of over \$18,000.

61. At all times relevant to this Complaint, Defendants, including Stowe, directed their agents and employees to refrain from referring or telling consumers that Stowe was an owner of any of the three martial arts locations.

62. Upon information and belief, in late October 2008, Stowe left the Indianapolis area for parts unknown in an attempt to avoid, among other things, his obligations to dozens of innocent consumers and their children, supported in part by the money he wrongfully obtained from them.

63. Plaintiff expects and will amend its Complaint to add many more affected consumers as well as any additional defendants in the normal course.

Defendants' Marketing and Solicitation Practices

64. At least since November 2006, Defendants have engaged in providing martial arts instruction and equipment to Indiana consumers, with an emphasis on children, and represented the physical and personal benefits of membership in Defendants' program to include physical development, weight loss, and increased flexibility.

65. At all times relevant to this Complaint, Defendants have solicited and marketed to potential customers by direct mail of informational flyers and brochures, newspaper advertising and in-store distribution of informational materials, among other methods.

66. Defendants' marketing materials represent that they are a member of the "National Association of Martial Artists" and that their instructors are "nationally certified" are receive "continued training on the latest motivation and teaching systems for children".

67. Upon information and belief, at all times relevant to this Complaint, Defendants solicited consumers with a 30 day “free” trial membership.

68. As part of Defendants’ solicitation practices, potential consumers are evaluated by Defendants and a “Personal Analysis” form is completed and signed by the potential consumer or his/her parent or guardian. An exemplary copy of Defendants’ “Personal Analysis” form (“Personal Analysis”) is attached and incorporated by reference as Exhibit “B.”

69. Defendants’ “Personal Analysis” form contains the preprinted statement, “I understand there is a no refund policy on any monies I will pay to Champion Martial Arts”.

70. Indiana’s Health Spa Services Act, Ind. Code § 24-5-7-1 *et seq.*, provides buyers of health spa services with a three day right to cancel health spa services contracts. The Act further provides that any waiver by the buyer of part or all of the act is void and unenforceable.

71. An additional element of Defendants’ solicitation practices was a PowerPoint® slide-show (the “Introduction”) that described Defendants’ various programs and pricing and was typically shown to each consumer.

72. Defendants offered various three-year martial arts training programs primarily directed at young children, including “Lil’ Dragons”, “Little Dragons Family” “Karate for Kids”, “Black Belt Club”, “Team XMA”, “Leadership”, and “Leadership Family” among others.

73. Defendants used the Introduction as one of the means to convince consumers to pay up front for contracts of a typical three year term.

74. For all of the programs solicited, Defendants represented to consumers that if they paid up front, they would receive a 20% discount plus free equipment. Attached as Exhibit

“C” are true and correct excerpts taken from the Introduction which illustrate Defendants’ solicitations for up front payments.

75. Upon information and belief, during the Introduction, Defendants represented that for at least one of the programs, if a consumer paid up front, a *pro rata* refund was available if certain goals were met prior to the three year term of the contract.

76. Upon information and belief, Defendants were aware that the vast majority of consumers would never timely complete the program.

77. Upon information and belief, during the Introduction, Defendants represented that consumers who paid up front would receive free training and equipment replacement upon the expiration of the three year term of the contract.

78. The Introduction also served as the means of referencing an entity called ASF International, Inc. (hereinafter “ASF”).

Defendants’ Membership Agreements/Contracts

79. Typically, when a consumer was ready to complete a transaction, Defendants would present the consumer with a “membership agreement” form on ASF letterhead. A true and correct copy of the form Defendants used is attached and incorporated by reference as Exhibit “D”.

80. The document itself does not clearly identify Defendants as a contracting party, refers to “credit”, “consumer credit contract”, default and late payments, late and return fees, penalties, and interest.

81. The document fails to define or explain how many of the payments, interest, penalties or fees are calculated and represents that balances are to be paid to ASF.

82. The document created a belief in consumers minds that ASF was either the entity with which the consumer was contracting with, or that ASF was closely affiliated with Defendants and that a consumer's obligations flow to either ASF, Defendants or both.

83. All consumers' contracts provided for cancellation if any one of Defendants' facilities (Carmel, Noblesville or Zionsville) closed, since each Location was more than 5 miles from each other Location.

84. While the exact role of ASF in connection with Defendants' transacting with consumers is not presently clear, upon information and belief, ASF served as a payment processor for some of the Defendants, identified as Schools #7417 (the Carmel Location), #8329 (the Noblesville Location), and #8474 (the Zionsville Location).

85. While the exact role of ASF in connection with Defendants' transacting with consumers is not presently clear, upon information and belief, ASF did not serve as a collection agency and did not provide a credit line to Defendants or involve an assignment of rights to payment from any of the membership agreements/contracts consumers entered into with Defendants.

86. Defendants, including Stowe, directed their agents and employees to represent the benefits of up front payment by emphasizing the "extra" costs of paying month to month and other obligations to ASF.

87. Upon information and belief, on at least one occasion, Defendants, including Stowe, contacted consumers who had opted to pay monthly and represented themselves as agents of ASF to encourage consumers to opt for up front payment.

88. Upon information and belief, on at least one occasion, Defendants, including Stowe, represented themselves as agents of ASF to consumers who had expressed an interest to cancel a contract/membership agreement.

89. Between July 2007 and late September 2008, Defendants, including Stowe, filed no less than 8 claims against consumers in the Small Claims Court of Hamilton County.

90. Without any authority from ASF, Defendants, including Stowe, filed under ASF's name.

91. At times relevant to this Complaint, in soliciting, contracting and otherwise transacting with consumers, Defendants, including Stowe, used and referred to ASF as a means and in ways intended to mislead consumers into among other things, paying Defendants up front for martial arts instruction and equipment.

92. Indiana's Health Spa Services Act, Ind. Code § 24-5-7-1 *et seq.*, provides that contracts entered into upon reliance of any willfully or fraudulently disseminated information, representation, notice, or advertisement of the seller is void and unenforceable.

93. Upon information and belief, Defendants ran a "Ponzi scheme", in that present payments by consumers for martial arts instruction and equipment were used to pay past debts, and payments were taken for such goods and services by Defendants knowing they would never be provided.

94. Defendants purposely interchanged and substituted their corporate, legal, assumed, and fictitious names when soliciting and transacting with consumers, including those identified below, so as to confuse the consumers regarding the actual entity with which they were dealing.

95. Stowe has ignored, controlled, and manipulated the corporate and other legal forms of his companies in an attempt to mislead and deceive consumers.

96. Upon information and belief and at all times relevant to this Complaint, Defendants were undercapitalized and Stowe commingled other Defendants' funds with his own and otherwise conducted his personal and other Defendants' businesses as one.

97. Pursuant to Ind. Code § 23-1-26-3, a shareholder may become personally liable by reason of the shareholder's own acts or conduct.

98. Pursuant to Ind. Code § 23-18-3-3, a member, manager, an agent, or an employee of a limited liability company may become personally liable for the person's own acts or conduct.

99. Piercing the corporate, LLC or other legal form to hold Stowe personally responsible for the actions of the corporations and companies he controls is necessary to prevent misuse of the corporate form and to prevent injustice to consumers.

100. Upon information and belief, Stowe used payments by consumers to cover personal expenses unrelated to Defendants' business.

Consumers Affected by Defendants' Misconduct

A. Allegations Regarding Leanne Massack("Massack")

101. On or about June 9, 2008, Massack, along with her husband and daughter, consulted with Defendants at the Zionsville Location.

102. Massack contracted with Defendants to join the Black Belt Club program, paying the contract price of \$5,760.00 in full.

103. On or about July 2008, Massack chose to move her and her family to the

Leadership Program, paying an additional \$1,600 in full. For this additional price, Defendants promised Massack a stretching machine, sparring gear, additional training weapons, and leadership uniforms. However, only the leadership uniforms were received.

104. On or about September 2008, Massack received a letter from Defendants stating that the Zionsville Location was closing and that the Carmel and Noblesville Locations would honor Massack's membership, which was not the case.

105. Despite Massock's payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

B. Allegations Regarding Nathan Farley ("Farley")

106. On or about March 2008 Farley signed his five year old son up for martial arts lessons at Defendants' Noblesville Location.

107. Farley contracted with Defendants for a three year membership for \$3,649.00 which was paid in full at the time the contract was signed.

108. On or about September 2008, the Noblesville Location closed.

109. Despite Farley's payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

C. Allegations Regarding David Bukowski ("Bukowski")

110. On or about September 17, 2008 Bukowski contracted for martial arts lessons at Defendants' Noblesville Location.

111. Bukowski paid a total of \$3,600.00 to the Defendants for martial arts instruction. Defendants represented to Bukowski that a 30 day trial program with a money back guarantee was part of the enrollment agreement. However, Bukowski was not given a contract that laid out the terms of the agreement.

112. On or about September 2008, the Noblesville Location was closed.

113. Despite Farley's payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

D. Allegations Regarding Micah Tragessor ("Tragessor")

114. On or about March 9, 2008 Tragessor contracted for martial arts lessons at Defendants' Zionsville Location.

115. Tragessor paid a total of \$3,600.00 to Defendants for 3 years of martial arts instruction.

116. The contract Tragessor signed had a provision that stated "You, the buyer, may cancel this agreement by midnight of school's third business day after the date of this agreement, and such cancellation must be in writing to the school."

117. Tragessor cancelled the contract in writing the day following the signing of the contract but Defendants failed to provide the refund.

E. Allegations of Miguel Villasol ("Villasol")

118. On or about August 15, 2008 Villasol signed up his four year old child for martial arts lessons at Defendants' Noblesville Location.

119. Villasol paid Defendants \$3,649.00 in full for 3 years of martial arts instruction.

120. On or about September 2008, the Noblesville Location was closed.

121. Despite Villasol's payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

F. Allegations of Paula and Robert Hamilton (the "Hamiltons")

122. On or about January 28, 2008, the Hamiltons enrolled their grandson in martial arts lessons at Defendants' Noblesville Location.

123. The Hamiltons paid Defendants \$2,929.00 in full for three years of martial arts training.

124. On or about April 28, 2008, the Hamiltons paid Defendants \$443.40 in full for a “Graduation Package”.

125. On or about September 29, 2008, the Noblesville Location was closed.

126. Despite the Hamiltons’ payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

G. Allegations of Diane Lewis (“Lewis”)

127. On or about July 3, 2008, Lewis signed her son up for martial arts lessons at Defendants’ Noblesville Location.

128. Defendants told Lewis that if she paid in full, she would pay \$3,649.00 instead of \$4,549.00 and that if her son received his black belt sooner than 24 months, she would receive a pro rated refund.

129. On or about July 3, 2008 Lewis paid Defendants \$3,649.00 in full.

130. On or about July 10, 2008, Lewis signed up for the “Family Plan for martial arts lessons for her daughter, husband, and herself and she paid Defendants an additional \$2,210.00 in full.

131. On or about September 2008, the Noblesville Location facility was closed.

132. Despite Lewis’s payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

H. Allegations of Laura Gagnon (“Gagnon”)

133. On or after November 2006, Gagnon signed her son up for martial arts lessons at Defendants’ Noblesville Location.

134. Gagnon paid Defendants \$3,600 in full for 2 years of martial arts instruction. and an additional \$450.00 in full for “graduations.”

135. On or about September 2008, the Noblesville Location was closed.

136. Despite Gagnon’s payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

I. Allegations Regarding Rebecca Ogle (“Ogle”)

137. On or about January 13, 2008, Ogle enrolled her family in martial arts lessons at Defendants’ Carmel Location.

138. Ogle signed a contract for \$5,356.80 for the “Black Belt Club” program for her family and paid Defendants in full.

139. Ogle enrolled her son into the ‘Leadership Program” in early February 2008 paying Defendants an additional \$2,052.00 in full.

140. Ogle then enrolled herself and her husband into the Leadership Program in early March 2008 paying Defendants \$1,500.00 in full.

141. Ogle did not receive the weapons packages promised to her by Defendants after enrolling in the advanced martial arts programs.

142. On or about November 2008, the Carmel Location closed.

143. Despite Ogle’s payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

J. Allegations Regarding Kristin Willing (“Willing”)

144. Willing enrolled her son in martial arts lessons at Defendants’ Carmel Location.

145. Willing signed a contract and paid Defendants \$3,649.00 in full.

146. On or about November 2008, the Carmel Location closed.

147. Despite Willing's payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

K. Allegations Regarding Jill Cary ("Cary")

148. On or about October 2007, Cary enrolled her son in martial arts lessons at Defendants' Carmel Location.

149. Cary signed a contract and paid Defendants \$3,500.00 in full.

150. On or about November 2008, the Carmel Location closed.

151. Despite Cary's payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

L. Allegations Regarding Joseph Matura ("Matura")

152. On or about March 2007, Matura enrolled his sons in martial arts lessons at Defendants' Carmel Location.

153. Matura signed a contract with Defendants and paid Defendants \$5,472 in full. In addition Matura paid defendants \$739 in full for belts.

154. On or about November 2008, the Carmel Location closed.

155. Despite Matura's payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

M. Allegations Regarding Ryan Hand ("Hand")

156. On or about September 2007, Hand enrolled his family in martial arts lessons at Defendants' Carmel Location.

157. Hand signed a contract with Defendants for \$4,788.00, paying Defendants the contract price in full.

158. Hand also paid Defendants \$739.00 in full for "Belt Graduations."

159. On or about November 2008, the Carmel facility closed.

160. Despite Hand's payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

N. Allegations Regarding Ricardo Tapia ("Tapia")

161. On or about January 26, 2008, Tapia enrolled his son in martial arts lessons at Defendants' Carmel Location.

162. Tapia signed a contract with Defendants for \$3,649.00, paying Defendants the contract price in full.

163. In April 2008, Tapia transferred his son into the Leadership Program paying Defendants an additional \$2,119.99 in full.

164. On or about November 2008, the Carmel Location closed.

165. Despite Tapia's payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

O. Allegations Regarding Jennifer Pope ("Pope")

166. On or about January 17, 2008, Pope enrolled her daughter in martial arts lessons at Defendants' Noblesville Location.

167. Pope signed a contract with Defendants for \$4,549.00, paying the contract price in full.

168. In February 2008, Pope also enrolled her son into the XMA Program, paying Defendants an additional \$1,755.00.

169. On or about September 2008, the Noblesville Location closed.

170. Despite Pope's payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

P. Allegations Regarding A. Elliott Archer (“Archer”)

171. On or about October 9, 2007, Archer enrolled his grandson in martial arts lessons at Defendants’ Carmel Location.

172. Archer signed a contract with Defendants for \$3,420, paying the contract price in full.

173. On or about October 31, 2008, the Carmel Location closed.

174. Despite Archer’s payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

Q. Allegations Regarding Pat Mamaril (“Mamaril”)

175. On or about October 2006, Mamaril enrolled in a membership for family martial arts lessons at Defendants’ Carmel Location.

176. Mamaril signed a contract for at least \$5,000, paying the contract price in full.

177. At the time Defendants represented that a refund would be available under certain conditions.

178. On or about October 31, 2008, the Carmel Location closed.

179. Despite Mamaril’s payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

R. Allegations Regarding Ashley Knott (“Knott”)

180. On or about April 16, 2008, Knott enrolled her son in martial arts lessons at Defendants’ Carmel Location.

181. Knott signed a contract with Defendants on or about April 16, 2008 and made payments thereon.

182. At the time, Defendants represented that a refund would be available under certain conditions.

183. On or about October 31, 2008, the Carmel Location closed.

184. Despite Knott's payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

S. Allegations Regarding Cynthia Richmond ("Richmond")

185. On or about February 11, 2008, Richmond signed a contract with Defendants for martial arts lessons at Defendants' Carmel Location and made payments thereon.

186. On or about October 31, 2008, the Carmel Location closed.

187. Despite Richmond's payment referenced above, Defendants failed to perform services and/or provide goods as represented or provide a refund.

COUNT I – VIOLATIONS OF THE HEALTH SPA SERVICES ACT

188. The Plaintiff re-alleges and incorporates by reference the allegations contained in rhetorical paragraphs 1 through 187 above.

189. Defendants are "sellers" as defined by Indiana Code § 24-5-7-1.

190. Defendants are engaged in providing "health spa services" as defined by Indiana Code § 24-5-7-1.

191. Defendants' contracts with buyers, including but not limited to those individuals identified above, fail to provide that "the performance of the agreed upon services is to begin within forty-five (45) days from the date that the contract is entered into" in violation of Ind. Code § 24-5-7-4.

192. Defendants failed to provide buyers and/or consumers, including some of those

identified above, with written contracts containing the disclosures required by the Health Spa Services Act at the time they enrolled in Defendants' martial arts programs, in violation of Ind. Code §§ 24-5-7-2, 5 and 6.

193. Defendants failed to provide refunds within 30 days or receipt of notice of cancellation from some of the buyers and/or consumers identified above, in violation of Ind. Code §24-5-7-8(a).

194. Defendants' failure to refund moneys paid by some of the buyers and/or consumers identified above within thirty (30) days after receiving a notice of cancellation violated Ind. Code § 24-5-7-5(d).

195. Health spa services contracts entered into in reliance upon any willfully or fraudulently disseminated false or misleading information, representation, notice, or advertisement of the seller, including some of the contracts entered into by individuals identified above, are void and unenforceable pursuant to Ind. Code § 24-5-7-11.

196. Health spa services contracts that do not comply with the Health Spa Services Act, including some of the contracts entered into by individuals identified above, are voidable at the option of the buyer pursuant to Ind. Code § 24-5-7-10.

COUNT II - VIOLATIONS OF THE DECEPTIVE CONSUMER SALES ACT

197. The Plaintiff re-alleges and incorporates by reference the allegations contained in rhetorical paragraphs 1 through 196 above.

198. The violations of Indiana's Health Spa Services Act set forth above constitute deceptive acts that are actionable under Ind. Code § 24-5-0.5, and are subject to the penalties set forth therein, pursuant to Ind. Code § 24-5-7-17.

199. Defendants are "suppliers" as defined by Indiana Code § 24-5-0.5-2(1).

200. The solicitations and transactions identified above are “consumer transactions” as defined by Indiana Code §24-5-0.5-2(1).

201. Defendants’ representations to consumers, including but not limited to some of those identified above, that Defendants were offering a thirty (30) day, no obligation, trial membership, when they knew or should have known that no such trial membership was being offered, misrepresented the benefits and characteristics of consumer transactions, in violation of the Indiana Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5-3(a)(1), and misrepresented the price advantage of a consumer transaction, in violation of Ind. Code § 24-5-0.5-3(a)(6).

202. Defendants’ representations to consumers, including but not limited to some of those consumers identified above, that contracts and/or membership agreements could be cancelled at any time, or within a certain period of time, when Defendants knew or should reasonably have known that they would not honor consumers’ attempts to cancel the contracts and/or agreements, misrepresented the benefits and characteristics of the transactions, in violation of Ind. Code § 24-5-0.5-3(a)(1), and the consumers’ rights, remedies, and obligations, in violation of Ind. Code § 24-5-0.5-3(a)(8).

203. Defendants’ representations to consumers, including but not limited to some of those identified above, that they could receive a refund within 30 days if not satisfied when Defendants knew or should reasonably have known that no refund would be paid, misrepresented the benefits and characteristics of the transactions, in violation of Ind. Code § 24-5-0.5-3(a)(1), and misrepresented the consumers’ rights, remedies, and obligations, in violation of Ind. Code § 24-5-0.5-3(a)(8).

204. By representing to consumers, including but not limited to the consumers identified above, that they would receive certain goods and services, including but not limited to

one or more of the goods and services identified or referred to above, when the Defendants knew or reasonably should have known the consumers would not receive the goods or services as represented, the Defendants misrepresented the sponsorship, performance, characteristics, accessories, uses or benefits of the transactions in violation of the Indiana Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5-3(a)(1).

205. By representing to consumers, including but not limited to the consumers identified above, that Defendants had sponsorship, approval or affiliation in connection with the provision and/or financing of martial arts goods or services via ASF or other entities, when the Defendants knew or reasonably should have known the representations were misleading and/or false, the Defendants misrepresented the sponsorship, approval or affiliation of the transactions in violation of the Indiana Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5-3(a)(7).

206. By representing expressly or by implication that Defendants would complete the represented services within a stated period of time or within a reasonable period of time, including but not limited to the martial arts instruction to consumers including but not limited to those identified above, when the Defendants knew or reasonably should have known the services would not be so completed, the Defendants violated the Indiana Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5-3(a)(10).

207. By representing that consumers, including, but not limited to those identified above, would be able to purchase goods and services solicited, advertised and/or represented by the Defendants, including but not limited to martial arts instruction and equipment identified and referenced herein, when the Defendants did not intend to sell or otherwise provide the goods or services, the Defendants violated the Indiana Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5-3(a)(11).

**COUNT III – KNOWING AND INTENTIONAL VIOLATIONS OF
THE DECEPTIVE CONSUMER SALES ACT**

208. Plaintiff re-alleges and incorporates by reference the allegations contained in paragraphs 1 through 207 above.

209. The misrepresentations and deceptive acts set forth above were committed by Defendants with knowledge and intent to deceive.

COUNT IV – VIOLATION OF INJUNCTION (Stowe Only)

210. Plaintiff re-alleges and incorporates by reference the allegations contained in paragraphs 1 through 209 above.

211. In transacting with consumers, including but not limited to those identified above, Stowe violated the injunctive provisions found in paragraphs 5 and 6 of the Consent Decree filed April 19, 2007 under Cause No. 71D05-0607-PL-275.

RELIEF

WHEREFORE, Plaintiff, State of Indiana, requests that the Court enter judgment against Defendants Jonathan Stowe, individually and doing business as Champion Martial Arts of Carmel, Inc., Champion Martial Arts of Noblesville, Inc., Champion Martial Arts of Noblesville LLC, CMA of Noblesville LLC, Champion Fitness, Inc., Champion Martial Arts of Zionsville LLC, Champion Martial Arts of Zionsville, Inc., Stowe Industries LLC, Stowe Industries Incorporated and Family Karate, Champion Martial Arts of Carmel, Inc., Champion Martial Arts of Noblesville, Inc., Champion Martial Arts of Zionsville LLC, and Stowe Industries Incorporated, enjoining Defendants, their agents, representatives, employees, successors, and assigns from the following:

- a. Entering into health spa services contracts that do not contain the disclosures required by or otherwise comply with Indiana's Health Spa Services Act, Ind. Code § 24-5-7-1, *et seq.*
- b. Requiring or attempting to require consumers to waive their rights under the Health Spa Services Act, Ind. Code § 24-5-7-1, *et seq.*
- c. Violating Indiana's Health Spa Services Act, Ind. Code § 24-5-7-1, *et seq.*;
- d. Representing expressly or by implication that the subject of a consumer transaction has characteristics or benefits it does not have, which the Defendants know or reasonably should know it does not have;
- e. Representing that a specific price advantage exists as to the subject of a consumer transaction, if it does not and Defendants know or should reasonably know it does not;
- f. Representing that a consumer transaction involves or does not involve certain rights, remedies, or obligations, if the representation is false and Defendants know or should reasonably know that the representation is false;
- g. Representing that Defendants are able to complete the subject of a consumer transaction within a stated or reasonable period of time, when Defendants know or reasonably should know they could not;
- h. Representing, expressly or by implication, the subject of a consumer transaction has sponsorship, approval, performance, characteristics, accessories, uses, or benefits it does not have, which the Defendants know or reasonably should know it does not have;

- i. Representing, expressly or by implication, the Defendants are able to deliver or complete the subject of a consumer transaction within a reasonable period of time, when the Defendants know or reasonably should know they cannot;
- j. Representing expressly or by implication consumers will be able to purchase the subject of a consumer transaction as advertised by the Defendants, if the Defendants do not intend to sell it; and
- k. Violating Indiana's Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5-1, *et seq.*

AND WHEREFORE, Plaintiff, State of Indiana, further requests the Court enter judgment against Defendants for the following relief:

- a. Declaring void and or voidable Defendants' membership agreements and/or contracts with the consumers identified above, and awarding consumer restitution pursuant to Indiana Code § 24-5-0.5-4(d) in an amount to be determined at trial;
- b. Costs pursuant to Indiana Code §24-5-0.5-4(c)(3), awarding the Office of the Attorney General its reasonable expenses incurred in the investigation and prosecution of this action;
- c. On Count III of the Plaintiff's Complaint, civil penalties pursuant to Indiana Code § 24-5-0.5-4(g), for the Defendants' knowing violations of the Deceptive Consumer Sales Act, in the amount of Five Thousand Dollars (\$5,000.00) per violation, payable to the State of Indiana;
- d. On Count III of the Plaintiff's Complaint, civil penalties pursuant to Indiana Code §24-5-0.5-8, for the Defendants' intentional violations of the Deceptive Consumer

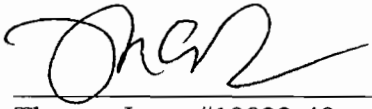
Sales Act, in the amount of Five Hundred Dollars (\$500.00) per violation, payable to the State of Indiana;

- e. On Count IV of the Plaintiff's Complaint, civil penalties against Stowe pursuant to Indiana Code §24-5-0.5-4(c) and (f), for violations of the Consent Decree filed April 19, 2007 under Cause No. 71D05-0607-PL-275, in the amount of Fifteen Thousand Dollars (\$15,000.00) per violation, payable to the State of Indiana; and
- f. All other proper relief.

Respectfully submitted,

STEVE CARTER
Indiana Attorney General
Atty. No. 4150-64

By:


Thomas Irons #19822-49
Deputy Attorney General

Office of the Attorney General
Indiana Government Center South
302 W. Washington, 5th Floor
Indianapolis, IN 46204
Telephone: (317) 233-9923

522148

STATE OF INDIANA,

Plaintiff,

v.

JONATHAN STOWE, individually, and
CHAMPION MARTIAL ARTS
AT UNIVERSITY, INC.,

Defendants.

FILED
APR 10 2007
St. Joseph Superior Court

The Plaintiff, State of Indiana, by Attorney General Steve Carter and Deputy Attorneys General David A. Paetzmann and Lisa Ward, and the Defendants, Jonathan Stowe (“Stowe”) and Champion Martial Arts at University, Inc. (“Champion”), hereby agree to entry of a Consent Decree without trial or adjudication of any issue of fact or law herein.

JURISDICTION

1. This Court has jurisdiction and venue over the subject matter of this action and the parties hereto.



2. The State of Indiana's Complaint states a cause of action pursuant to the Indiana Health Spa Services Act, Indiana Code § 24-5-7-1, *et seq.* and the Indiana Deceptive Consumer Sales Act, Indiana Code § 24-5-0.5-1, *et seq.*

3. Defendant Champion is a domestic corporation with a principal place of business in St. Joseph County, located at 6502 Grape Road, Mishawaka, Indiana.

4. Defendant Stowe is the owner and an officer of Champion.

RELIEF ORDERED

5. Defendants, their agents, representatives, employees, successors, and assigns are permanently enjoined from engaging in the following acts in transactions with Indiana consumers:

a. Entering into martial arts contracts with consumers that do not contain the disclosures required by or otherwise comply with the Indiana Health Spa Services Act, Ind. Code § 24-5-7-1, *et seq.*;

b. Requiring or attempting to require consumers to waive their rights under the Indiana Health Spa Services Act, Ind. Code § 24-5-7-1, *et seq.*;

c. Representing expressly or by implication that the subject of a consumer transaction has characteristics or benefits it does not have, which Defendants know or should reasonably know it does not have;

d. Representing that a specific price advantage exists as to the subject of a consumer transaction, if it does not and Defendants know or should reasonably know it does not;

e. Representing that a consumer transaction involves or does not involve certain rights, remedies, or obligations, if the representation is false and Defendants know or should reasonably know that the representation is false; and

f. Representing that Defendants are able to complete the subject of a consumer transaction within a stated or reasonable period of time, when Defendants know or reasonably should know they cannot.

6. Defendants further agree to adhere to the following terms when a request is received to cancel a martial arts contract:

a. When a cancellation request is received within thirty (30) days following execution of the contract, Defendants shall immediately cancel the contract and issue a full refund of all money paid under the contract to the consumer within thirty (30) days following cancellation. If the consumer executed any credit or loan agreement to pay for all or part of the cancelled services, that agreement shall also be cancelled and returned to the consumer within thirty (30) days. The refund requirements contained in this subparagraph shall remain in effect during such time as Defendants offer thirty day trial memberships to the public or for three (3) years following court approval of this Consent Decree, whichever is later.

b. When a cancellation request is received more than thirty (30) days following execution of the contract, Defendants shall issue a refund, based on elapsed time, according to the following schedule: cancellation between thirty-one (31) and sixty (60) days – fifty percent (50%) refund; between sixty-one (61) and ninety (90) days – thirty percent (30%) refund; between ninety-one (91) and one hundred twenty (120) days – twenty percent (20%) refund, to the consumer within thirty (30) days following cancellation. If the consumer executed any credit or loan agreement to pay for all or part of the cancelled services, that agreement shall also be cancelled and returned to the consumer within thirty (30) days. The refund requirements contained in this subsection shall remain in effect for three (3) years following court approval of this Consent Decree.

c. Defendants shall provide a copy of the refund policy to each new member at the time the membership contract is signed.

RESTITUTION AND COSTS

7. Defendants acknowledge they have cancelled the contracts of and shall pay consumer restitution, through the Indiana Attorney General's Office, to the following consumers in the following amounts, pursuant to Indiana Code § 24-5-0.5-4(c):

a.	Tami Lekarczyk	\$7,732.32
b.	Ann Simpson	1,894.68
c.	Heather Nash	125.00
d.	Nancy Fouts	1,855.00
e.	Julian Lewiecki	125.00
f.	Shannon Michele	2,437.72
g.	William Myers	2,800.00
h.	Angela Pickenpaugh	1,750.00
i.	Christine Joseph	194.44
j.	Chris Neubauer	125.00
k.	Perry Hampton	907.22
l.	Terrence Haddix	49.00
m.	Keyna Jankoviak	<u>972.20</u>

Total: \$20,967.58

8. Defendants shall pay costs in the amount of Three Thousand Seven Hundred Fifty Dollars (\$3,750.00) to the Office of the Attorney General, pursuant to Ind. Code § 24-5-0.5-4(c)(3).

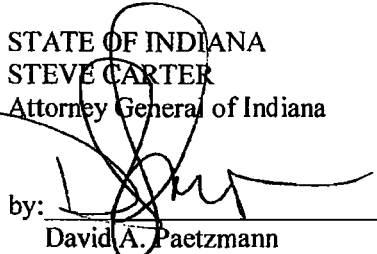
9. Defendants shall pay civil penalties in the amount of Twenty Five Thousand Dollars (\$25,000.00) to the Office of the Attorney General, pursuant to Ind. Code § 24-5-0.5-4(g) and Ind. Code § 24-5-0.5-8.

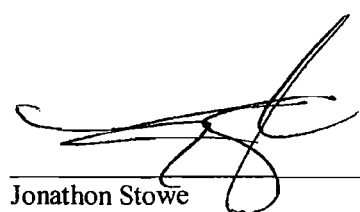
CONTINUING JURISDICTION

10. For the purpose of enforcing the provisions of this Consent Decree, the Defendants waive any objection regarding the Court's jurisdiction to punish for contempt and agrees to appear on proper notice of a failure to comply with any of the provisions of this Decree.

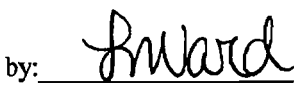
IN WITNESS WHEREOF, the parties have executed this Consent Judgment this 16th day of April, 2007.

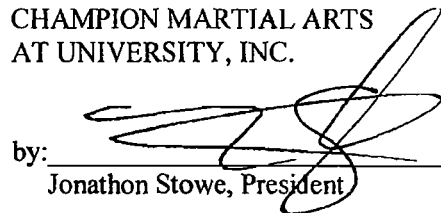
STATE OF INDIANA
STEVE CARTER
Attorney General of Indiana

by: 
David A. Paetzmann
Deputy Attorney General
Attorney No. 6392-23

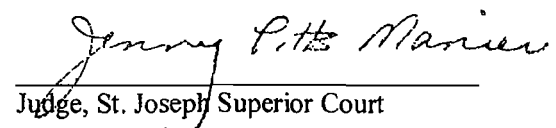

Jonathon Stowe

CHAMPION MARTIAL ARTS
AT UNIVERSITY, INC.

by: 
Lisa Ward
Deputy Attorney General
Attorney No. 26140-49

by: 
Jonathon Stowe, President

ALL OF WHICH IS APPROVED, ORDERED, ADJUDGED AND DECREED
this 19 day of April, 2007.


Judge, St. Joseph Superior Court

Distribution:

David A. Paetzmann
Lisa Ward
Office of the Attorney General
Indiana Government Center South, 5th fl.
302 W. Washington St.
Indianapolis, IN 46204

Diana C. Bauer
Richard P. Samek
CARSON BOXBERGER LLP
1400 One Summit Square
Fort Wayne, IN 46802

Doc. 329562



Personal Analysis

Date: [redacted]
Student's Name: [redacted] Age: [redacted] Date of Birth: [redacted]
Parent's Name (if under 18): [redacted]
Address: [redacted] City: [redacted] Zip: [redacted]
Home Phone: [redacted] Work Phone or Cell: [redacted]
Employer: [redacted]

How did you hear about our program? [redacted]

Have you ever trained in the martial arts before? Yes ___ No ☒ If yes, how long? ___

How long have you been interested in the martial arts? [redacted]

Would you like to earn your black belt? [redacted]

Current athletic activities and hobbies: _____

What are the main reasons you want to take martial arts lessons?

Self defense <input checked="" type="checkbox"/>	Better Grades <input checked="" type="checkbox"/>	Fitness <input checked="" type="checkbox"/>	Coordination <input checked="" type="checkbox"/>
Self discipline <input checked="" type="checkbox"/>	Focus <input checked="" type="checkbox"/>	Confidence <input checked="" type="checkbox"/>	Self esteem <input checked="" type="checkbox"/>
Recreation _____	Other _____		

Do you have any medical problems the instructor should be aware?

no ☒ yes _____ (list)

list of medication [redacted]

Before beginning any exercise program consult your doctor.

In consideration of my attendance and participation in martial arts offered by Champion Martial Arts, I, the student, acknowledge the existence of certain inherent risks in this type of training, and hereby agree to assume all risks myself. I further relieve the school, its management, assigned staff, and fellow students from any liability resulting from loss, whether personal belongings, or bodily injury. I also hereby state that I am physically fit to take the prescribed course of instruction, and do so of my own free will in exchange for an agreed upon fee. I understand there is a no refund policy on any monies I will pay Champion Martial Arts.

Student _____ Date [redacted] Parent/Guardian [redacted]

STATE'S
EXHIBIT
6

BLACK BELT CLUB

LEADERSHIP

LIL' DRAGONS

TEAM XMA

STATE'S
EXHIBIT

C

SAVE YOUR FAMILY

\$1299.00

IT'S EASY!

BACK BET JOB

WELLS

HOW YOU CAN SAVE!

AGREEMENT BREAKDOWN

3600 TRAILING - ASF = 20 % INTEREST

WHY PAY \$900.00 EXTRA?

DIRECT SINGLE PAYMENT OPTION BENEFITS:

1. SAVE \$900.00 (20% INTEREST)
2. GET A SET OF FREE EQUIPMENT - \$400 VALUE
3. EARN POINTS/MILES BY USING YOUR FAVORITE CREDIT CARD

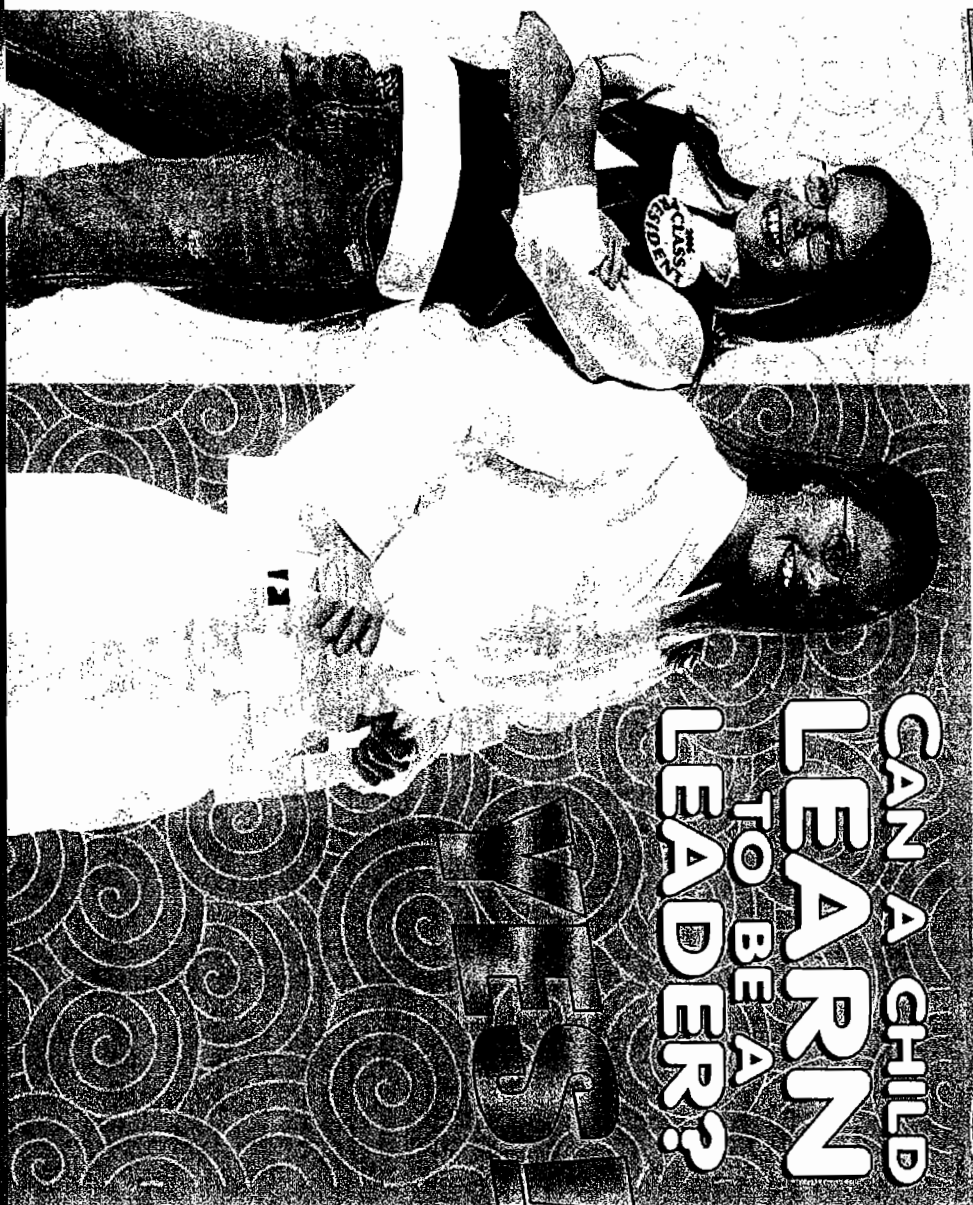
DATE

BLACKBELT TIMELINE



Virtual ARTS
\$1200 Credit!

LEADERSHIP



CAN A CHILD
LEARN
TO BE A
LEADER?

SAVE YOUR FAMILY

\$1660.00

IT'S EASY!

LEADERSHIP

LEAD

HOW YOU CAN SAVE!

AGREEMENT BREAKDOWN

5040TRAILING • ASF = 20 % INTEREST

WHY PAY \$1260.00 EXTRA?

DIRECT SINGLE PAYMENT OPTION BENEFITS:

1. SAVE \$1260.00 (20% INTEREST)

2. GET A SET OF FREE EQUIPMENT - \$400 VALUE

3. EARN POINTS/MILES BY USING YOUR FAVORITE CREDIT CARD

MAZDA

T. DRAGONS



SAVE YOUR FAMILY

\$1299.00

IT'S EASY!

IT! DRAGONS

IT! DRAGONS

HOW YOU CAN SAVE!

AGREEMENT BREAKDOWN

3600 TRAILING • ASF = 20 % INTEREST

WHY PAY \$900.00 EXTRA?

DIRECT SINGLE PAYMENT OPTION BENEFITS:

1. SAVE \$900.00 (20% INTEREST)

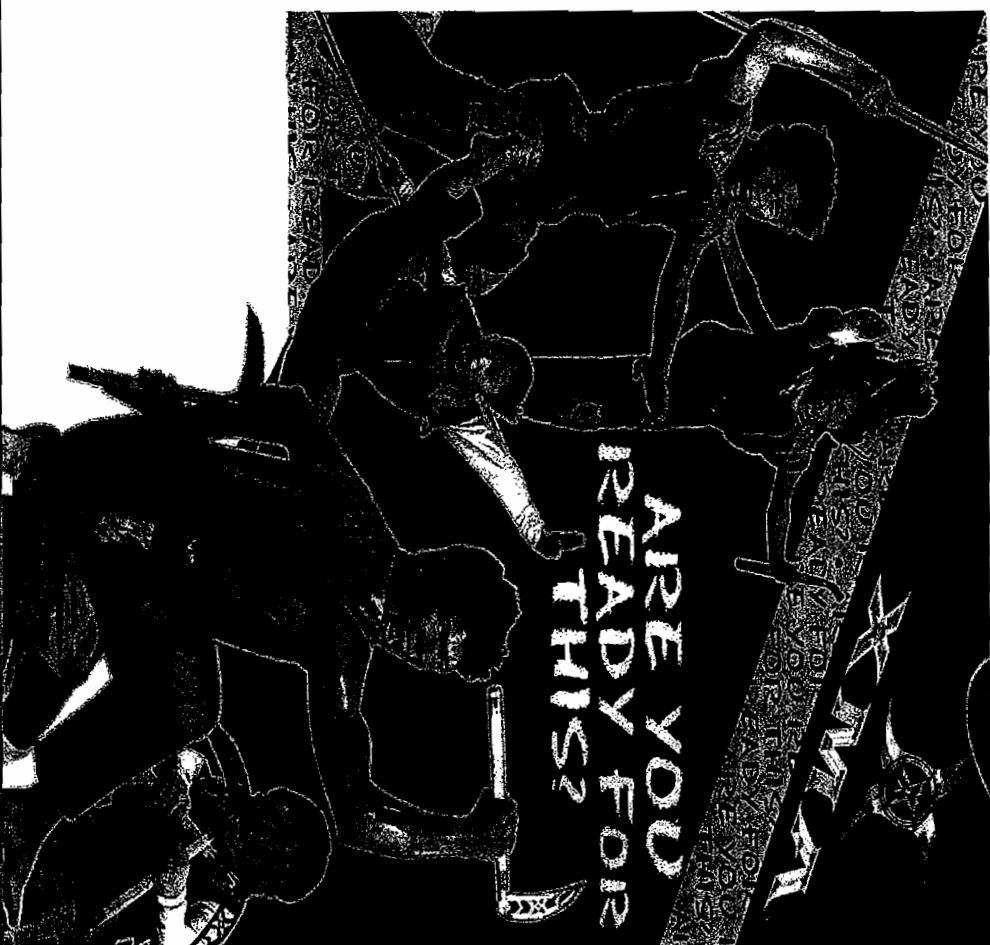
2. GET A SET OF FREE EQUIPMENT - \$400 VALUE

3. EARN POINTS/MILES BY USING YOUR FAVORITE CREDIT CARD

TRAILER

TEAM XMA

Champion
Martial Arts



SAVE YOUR FAMILY

\$1620.00

IT'S EASY!

TEANWA

STEREO

HOW YOU CAN SAVE!

AGREEMENT BREAKDOWN

6480 TRAINING • ASF = 20 % INTEREST

WHY PAY \$1620.00 EXTRA?

DIRECT SINGLE PAYMENT OPTION BENEFITS:

1. SAVE \$1620.00 (20% INTEREST)

2. GET A SET OF FREE EQUIPMENT - \$600 VALUE

3. EARN POINTS/MILES BY USING YOUR FAVORITE CREDIT CARD

QUEST



640 Plaza Drive, Suite 300
Highlands Ranch, CO 80129
www.myasfaccount.com
1-800-525-8967

SCHOOL#7417 ☐ New ☐ Renewal ☐ Replacement/Upgrade

Programs offered: ☐ Black Belt Club ☐ Leadership ☐ XMA

Membership Agreement

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants with respect to any aspect of a credit transaction on the basis of race, color, religion, national origin, sex or marital status, or age (provided the applicant has the capacity to contract). The agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

(A) BUYER INFORMATION ONLY - TO BE FILLED OUT BY APPLICANT (PLEASE PRINT CLEARLY)

BUYER'S First Name	Last	Birth date	Age	Home Phone	E-mail address
Current mailing address		City	State	Zip	Social Security #
Employer	Position	How long (yrs/mos)	Work Phone		

YOU, THE BUYER, MAY CANCEL THIS AGREEMENT BY MIDNIGHT OF SCHOOL'S THIRD BUSINESS DAY AFTER THE DATE OF THIS AGREEMENT, AND SUCH CANCELLATION MUST BE IN WRITING TO THE SCHOOL. IN THE EVENT THE SCHOOL CLOSES AND CEASES DOING BUSINESS, YOU ARE NO LONGER OBLIGATED TO MAKE PAYMENTS UNDER THIS AGREEMENT.

(B) TO BE FILLED OUT BY SCHOOL EMPLOYEE

1. Today's date is ____/____/____
2. Your agreement begins on ____/____/____, and expires on ____/____/____
3. Other students who may attend:

FIRST	LAST	DATE OF BIRTH
_____	_____	_____
_____	_____	_____
_____	_____	_____

4. Buyer is a Student? (Circle One) Yes No

5. Total Sales Price \$ _____

6. Amount of Down Payment is \$ _____

7. Remaining Balance to be Paid to ASF \$ _____

WAIVER AND RELEASE OF LIABILITY: The School urges you and all students to obtain a physical examination from a doctor before using any exercise equipment or participating in any exercise class. All exercises, including the use of weights and use of any and all machinery, equipment, and apparatus designed for exercising shall be at the student's sole risk. Student understands that the agreement to use, or selection of exercise programs, methods and types of equipment shall be student's entire responsibility, and the School shall not be liable to student for any claims, demands, injuries, damages, or actions arising due to injury to student's person or property arising out of or in connection with the use by student of the services, facilities, and premises of the School. Student hereby holds the School, its officers, owners, agents and employees harmless from all claims which may be brought against them by student or on student's behalf for any such injuries or claims.

STUDENT'S SIGNATURE _____

ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES, WHICH THE BUYER/STUDENT COULD ASSERT AGAINST THE SCHOOL AS A RESULT OF THIS CONTRACT. RECOVERY BY THE BUYER/STUDENT SHALL NOT EXCEED THE TOTAL AMOUNT PAID BY THE BUYER/STUDENT TO THE SCHOOL PURSUANT TO THIS CONTRACT.

YOUR PAYMENT SCHEDULE WILL BE:

When Payments are due each Month	Number of Monthly Payments	Amount of Monthly Payments	First Payment Due Date-ASF Collects
		\$ _____	

DEFAULT AND LATE PAYMENT: Should you default on any payment obligation as called for in this agreement, the entire remaining balance shall be deemed due and payable upon demand, and you agree to pay allowable interest, and all cost of collection, including, but not limited to, collection agency fees, court costs and attorneys' fees. Should any monthly payment become more than 10 days past due, you will be charged a late fee to cover additional administrative expenses and other expenses related to obtaining your payment. A fee will be charged for all returned payments.

CANCELLATION: If by reason of death or permanent disability, the buyer is unable to continue the agreement, the buyer or buyer's estate shall be relieved from the obligations of this contract, and if buyer has prepaid any sum, that amount shall be promptly refunded. Should student(s) permanently move their residence more than 25 miles from an affiliated area, payment on this agreement will be suspended upon payment of an appropriate cancellation fee of \$50.00 and legitimate verification of the move. The buyer may cancel this contract if the health club facility operated by the seller is moved to a location that is more than five (5) miles away from the 14598 Clay Terrace Boulevard, Suite 160, Carmel, IN 46032 address and that the services are no longer available as provided in the contract because of the seller's permanent discontinuance of operation. Student agrees to follow school rules as promulgated from time to time. Violation of these rules may be the cause for suspension or cancellation of membership.

School Representative _____

Buyer's Signature _____

Member's Signature (if different from buyer) _____

(C) I elect to pay my monthly installment payments by Electronic Funds Transfer (EFT). I understand and agree that should I discontinue this payment method, a \$20.00 fee will be added to each monthly installment to cover the costs of processing and handling.

This form of payment, if discontinued, does not release you from your payment obligation or membership contract.

YOU, THE BUYER, ARE ENTITLED TO A COPY OF THIS CONTRACT AT THE TIME YOU SIGN IT.

ASF INTERNATIONAL EFT AUTHORIZATION

I, _____, authorize my bank to make my payment by the method indicated below and post it to my account.

☐ Checking (Must attach voided check.) or ☐ Savings (Must attach deposit slip.) or
☐ MasterCard ☐ American Express ☐ Discover

Account #: _____ Routing #: or Expiration Date (If Credit Card) _____

Number of payments _____, Amount of payment \$ _____, 1st due date _____

Bank Name _____ Bank Phone # _____

Bank Address/City/State/Zip _____

Authorized Signature _____ Date _____

STATE'S
EXHIBIT

D